

THE CITY OF COLDWATER, KANSAS
FINANCIAL STATEMENTS
For the Year Ended December 31, 2009

VONFELDT, BAUER & VONFELDT, CHTD.
Certified Public Accountants
Larned, Kansas 67550

CITY OF COLDWATER
Coldwater, Kansas

Governing Body
December 31, 2009

CITY COUNCIL:

Penny Bruckner
Brian Adams
Tiffany Sowa
Charles Salisbury
Richard Thompson

OFFICERS:

Mayor
Council President
City Clerk
City Treasurer
City Attorney

Anthony Smith
Charles Salisbury
Kristal Sherman
Jerry Allen
James Herd

The City of Coldwater, Kansas
Financial Statements
For the Year Ended December 31, 2009

TABLE OF CONTENTS

<u>Item</u>	<u>Page Number</u>
FINANCIAL SECTION	
Auditors' Report on Financial Statements	1
Statement 1	
Summary of Cash Receipts, Expenditures and Unencumbered Cash	2-4
Statement 2	
Summary of Expenditures - Actual and Budget	5-6
Statement 3	
Statement of Cash Receipts and Expenditures - Actual and Budget	
General Fund	7
Special Revenue Funds	8-11
Debt Service Fund	12
Enterprise Funds	13-15
Private Purpose Trust Funds	16-18
Notes to the Financial Statements	19-26
ADDITIONAL INFORMATION	
Auditors' Report On Additional Information	27
Schedule 1	
Graphical Analysis	28-37

This page intentionally left blank.

VONFELDT, BAUER & VONFELDT, CHTD.

CERTIFIED PUBLIC ACCOUNTANTS

Telephone: (620) 285-2107

MEMBERS OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND

818 Broadway

Fax (620) 285-2110

KANSAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 127

Larned, KS 67550

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Coldwater, Kansas

We have audited the accompanying financial statements of the City of Coldwater, Kansas, as of and for the year ended December 31, 2009, as listed in the table of contents. These financial statements are the responsibility of the City of Coldwater, Kansas' management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial (and summarized) comparative financial information has been derived from the City's 2008 financial statements and, in our report dated July 8, 2009, we expressed an unqualified opinion on the financial statements taken as a whole.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the guidance in the Kansas Municipal Audit Guide. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, the City has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Coldwater, Kansas as of December 31, 2009, the changes in its financial position, or where applicable, its cash flows for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the City of Coldwater, Kansas, as of December 31, 2009 and its cash receipts and expenditures, and budget to actual comparisons for the year then ended, taken as a whole, on the basis of accounting described in Note 1.

VONFELDT, BAUER & VONFELDT, CHTD.
Certified Public Accountants

March 19, 2010

The City of Coldwater, Kansas
Summary of Cash Receipts, Expenditures and Unencumbered Cash
For the Year Ended December 31, 2009

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances
Governmental Type Funds:		
General Fund	\$ 89,060.26	\$ 0.00
Special Revenue Funds:		
Comanche Estates Fund	14,952.43	0.00
Special Parks Fund	5,499.23	0.00
Special Highway Fund	21,162.79	0.00
Special Machinery Fund	24,854.29	0.00
Debt Service Fund:		
Water Bond & Interest Fund	44,331.55	0.00
Proprietary Type Funds:		
Enterprise Funds:		
Sewer Utility Fund	37,253.52	0.00
Water Utility Fund	66,012.80	0.00
Refuse Utility Fund	1,816.36	0.00
Fiduciary Type Funds:		
Private Purpose Trust Funds:		
Lake Donations Fund	106.64	0.00
Special Projects Donations Fund	3,200.46	0.00
Heritage Park Donations Fund	5,355.64	0.00
 Total Reporting Entity Excluding Agency Funds (Memorandum Only)	 \$ 313,605.97	 \$ 0.00

The notes to the financial statements are an integral part of this statement.

<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
\$ 810,821.61	\$ 769,289.02	\$ 130,592.85	\$ 4,347.78	\$ 134,940.63
3,883.85	8,053.68	10,782.60	0.00	10,782.60
1,485.25	0.00	6,984.48	0.00	6,984.48
19,380.19	4,810.44	35,732.54	0.00	35,732.54
0.00	0.00	24,854.29	0.00	24,854.29
77,737.71	95,493.17	26,576.09	0.00	26,576.09
55,623.53	17,260.28	75,616.77	4.20	75,620.97
180,293.96	142,313.30	103,993.46	844.88	104,838.34
101,314.37	100,981.67	2,149.06	0.00	2,149.06
50.00	0.00	156.64	0.00	156.64
10,612.00	9,872.70	3,939.76	0.00	3,939.76
<u>0.00</u>	<u>0.00</u>	<u>5,355.64</u>	<u>0.00</u>	<u>5,355.64</u>
<u>\$ 1,261,202.47</u>	<u>\$ 1,148,074.26</u>	<u>\$ 426,734.18</u>	<u>\$ 5,196.86</u>	<u>\$ 431,931.04</u>

The City of Coldwater, Kansas
Summary of Cash Receipts, Expenditures and Unencumbered Cash
For the Year Ended December 31, 2009

Balance to be Accounted for:	<u>\$ 431,931.04</u>
Composition of Cash:	
City Accounts:	
NOW Account - Peoples Bank, Coldwater, KS	153,803.66
Less Outstanding Checks	(49,161.69)
MMA Account - Peoples Bank, Coldwater, KS	57,864.34
MMA Account - Coldwater Native Bank, Coldwater, KS	4,424.73
Certificates of Deposit - Peoples Bank, Coldwater, KS	150,000.00
Certificates of Deposit - Coldwater Native Bank, Coldwater, KS	<u>115,000.00</u>
Total Reporting Entity	<u>\$ 431,931.04</u>

The notes to the financial statements are an integral part of this statement.

The City of Coldwater, Kansas
 Summary of Expenditures - Actual and Budget
 (Budgeted Funds Only)
 For the Year Ended December 31, 2009

Funds	Certified Budget	Adjustment for Qualifying Budget Credits
Governmental Type Funds:		
General Fund	\$ 892,000.00	\$ 0.00
Special Revenue Funds:		
Comanche Estates Fund	80,000.00	0.00
Special Parks Fund	6,900.00	0.00
Special Highway Fund	60,200.00	0.00
Debt Service Fund:		
Water Bond & Interest Fund	108,178.00	0.00
Proprietary Type Funds:		
Enterprise Funds:		
Sewer Utility Fund	75,000.00	0.00
Water Utility Fund	232,600.00	0.00
Refuse Utility Fund	130,000.00	0.00

The notes to the financial statements are an integral part of this statement.

<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Over (Under)</u>
\$ 892,000.00	\$ 769,289.02	\$ (122,710.98)
80,000.00	8,053.68	(71,946.32)
6,900.00	0.00	(6,900.00)
60,200.00	4,810.44	(55,389.56)
108,178.00	95,493.17	(12,684.83)
75,000.00	17,260.28	(57,739.72)
232,600.00	142,313.30	(90,286.70)
130,000.00	100,981.67	(29,018.33)

The City of Coldwater, Kansas
GENERAL FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue:				
Ad Valorem Property Tax	\$ 213,051.10	\$ 212,328.23	\$ 222,713.00	\$ (10,384.77)
Back Tax	2,547.71	8,563.24	413.00	8,150.24
Motor Vehicle Tax	47,237.40	39,738.69	46,200.00	(6,461.31)
Recreational Vehicle Tax	1,123.60	562.36	1,181.00	(618.64)
16/20 M Vehicle Tax	1,537.04	2,039.15	1,991.00	48.15
Special Assessment	0.00	133.35	0.00	133.35
Slider	0.00	718.77	0.00	718.77
Sales Tax	134,906.90	126,313.77	130,000.00	(3,686.23)
Alcohol/Liquor Tax	1,599.82	1,485.26	1,686.00	(200.74)
Franchise Tax	72,251.38	62,699.52	70,000.00	(7,300.48)
Fines and Permits	7,988.63	16,462.60	6,500.00	9,962.60
Charges for Services	182,263.35	221,176.60	185,000.00	36,176.60
Rents	1,595.00	2,105.00	1,500.00	605.00
Miscellaneous	7,530.21	7,813.15	1,000.00	6,813.15
Interest	8,710.20	4,594.24	10,000.00	(5,405.76)
Reimbursed Expenses	52,093.52	41,954.52	10,000.00	31,954.52
Federal Aid	0.00	5,370.52	0.00	5,370.52
State Aid	0.00	3,757.32	0.00	3,757.32
Oil and Gas Royalty	121,633.68	53,005.32	100,000.00	(46,994.68)
Total Cash Receipts	856,069.54	810,821.61	\$ 788,184.00	\$ 22,637.61
Expenditures				
Administration	239,053.32	288,579.02	281,945.00	6,634.02
Police	62,064.09	48,677.21	47,800.00	877.21
Streets	156,790.75	97,776.71	108,555.00	(10,778.29)
Park and Pool	68,605.34	47,319.91	84,900.00	(37,580.09)
Ball Field	922.48	1,837.31	2,500.00	(662.69)
Lake	205,517.13	182,600.33	248,800.00	(66,199.67)
Shop Expense	25,010.21	32,498.53	27,500.00	4,998.53
Water Bond Principal	70,000.00	70,000.00	70,000.00	0.00
Water Bond Interest	31,278.75	0.00	0.00	0.00
Operating Transfer: To Special Machinery	0.00	0.00	20,000.00	(20,000.00)
Total Expenditures	859,242.07	769,289.02	\$ 892,000.00	\$ (122,710.98)
Receipts Over (Under) Expenditures	(3,172.53)	41,532.59		
Unencumbered Cash, Beginning	92,232.79	89,060.26		
Unencumbered Cash, Ending	<u>\$ 89,060.26</u>	<u>\$ 130,592.85</u>		

The notes to the financial statements are an integral part of this statement.

The City of Coldwater, Kansas
COMANCHE ESTATES FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Donations	\$ 26,450.00	\$ 3,883.85	\$ 31,000.00	\$ (27,116.15)
Miscellaneous	0.00	0.00	0.00	0.00
Total Cash Receipts	<u>26,450.00</u>	<u>3,883.85</u>	<u>\$ 31,000.00</u>	<u>\$ (27,116.15)</u>
Expenditures				
Maintenance	0.00	53.68	0.00	53.68
Supplies	5,535.13	8,000.00	80,000.00	(72,000.00)
Capital Outlay	<u>22,388.44</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Expenditures	<u>27,923.57</u>	<u>8,053.68</u>	<u>\$ 80,000.00</u>	<u>\$ (71,946.32)</u>
Receipts Over (Under) Expenditures	(1,473.57)	(4,169.83)		
Unencumbered Cash, Beginning	<u>16,426.00</u>	<u>14,952.43</u>		
Unencumbered Cash, Ending	<u>\$ 14,952.43</u>	<u>\$ 10,782.60</u>		

The notes to the financial statements are an integral part of this statement.

The City of Coldwater, Kansas
SPECIAL PARKS FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue:				
Alcohol/Liquor Tax	\$ 1,599.81	\$ 1,485.25	\$ 1,500.00	\$ (14.75)
Total Cash Receipts	<u>1,599.81</u>	<u>1,485.25</u>	<u>\$ 1,500.00</u>	<u>\$ (14.75)</u>
Expenditures				
Supplies	<u>0.00</u>	<u>0.00</u>	<u>6,900.00</u>	<u>(6,900.00)</u>
Total Expenditures	<u>0.00</u>	<u>0.00</u>	<u>\$ 6,900.00</u>	<u>(6,900.00)</u>
Receipts Over (Under) Expenditures	1,599.81	1,485.25		
Unencumbered Cash, Beginning	<u>3,899.42</u>	<u>5,499.23</u>		
Unencumbered Cash, Ending	<u>\$ 5,499.23</u>	<u>\$ 6,984.48</u>		

The notes to the financial statements are an integral part of this statement.

The City of Coldwater, Kansas
SPECIAL HIGHWAY FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
State Gas Tax	\$ 21,716.12	\$ 19,380.19	\$ 21,980.00	\$ (2,599.81)
Total Cash Receipts	<u>21,716.12</u>	<u>19,380.19</u>	<u>\$ 21,980.00</u>	<u>\$ (2,599.81)</u>
Expenditures				
Street Oil and Gravel	28,503.60	4,810.44	32,000.00	(27,189.56)
Repairs and Supplies	4,337.06	0.00	0.00	0.00
Capital Outlay	<u>0.00</u>	<u>0.00</u>	<u>28,200.00</u>	<u>(28,200.00)</u>
Total Expenditures	<u>32,840.66</u>	<u>4,810.44</u>	<u>\$ 60,200.00</u>	<u>(55,389.56)</u>
Receipts Over (Under) Expenditures	(11,124.54)	14,569.75		
Unencumbered Cash, Beginning	<u>32,287.33</u>	<u>21,162.79</u>		
Unencumbered Cash, Ending	<u>\$ 21,162.79</u>	<u>\$ 35,732.54</u>		

The notes to the financial statements are an integral part of this statement.

The City of Coldwater, Kansas
SPECIAL MACHINERY FUND
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2009
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	<u>Prior Year Actual</u>	<u>Actual</u>
Cash Receipts		
Operating Transfer:		
From General	\$ 0.00	\$ 0.00
Total Cash Receipts	<u>0.00</u>	<u>0.00</u>
Expenditures		
None	<u>0.00</u>	<u>0.00</u>
Total Expenditures	<u>0.00</u>	<u>0.00</u>
Receipts Over (Under) Expenditures	0.00	0.00
Unencumbered Cash, Beginning	<u>24,854.29</u>	<u>24,854.29</u>
Unencumbered Cash, Ending	<u>\$ 24,854.29</u>	<u>\$ 24,854.29</u>

The notes to the financial statements are an integral part of this statement.

The City of Coldwater, Kansas
WATER BOND & INTEREST FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Operating Transfer:				
From Water Utility	\$ 42,550.00	\$ 42,600.00	\$ 60,000.00	\$ (17,400.00)
Bond Proceeds	0.00	35,137.71	35,000.00	137.71
Total Cash Receipts	<u>42,550.00</u>	<u>77,737.71</u>	<u>\$ 95,000.00</u>	<u>\$ (17,262.29)</u>
Expenditures				
Bond Principal	0.00	0.00	0.00	0.00
Bond Interest	31,278.75	60,177.50	60,187.00	(9.50)
Bond Commission	0.00	8.75	34,991.00	(34,982.25)
Cash Basis Reserve	0.00	0.00	13,000.00	(13,000.00)
Cost of Issuance	0.00	35,306.92	0.00	35,306.92
Total Expenditures	<u>31,278.75</u>	<u>95,493.17</u>	<u>\$ 108,178.00</u>	<u>\$ (12,684.83)</u>
Receipts Over (Under) Expenditures	11,271.25	(17,755.46)		
Unencumbered Cash, Beginning	<u>33,060.30</u>	<u>44,331.55</u>		
Unencumbered Cash, Ending	<u>\$ 44,331.55</u>	<u>\$ 26,576.09</u>		

The notes to the financial statements are an integral part of this statement.

The City of Coldwater, Kansas
SEWER UTILITY FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Customer Receipts	\$ 56,309.90	\$ 55,608.53	\$ 57,000.00	\$ (1,391.47)
Miscellaneous	60.00	15.00	0.00	15.00
Total Cash Receipts	<u>56,369.90</u>	<u>55,623.53</u>	<u>\$ 57,000.00</u>	<u>\$ (1,376.47)</u>
Expenditures				
Salaries	9,075.40	9,119.82	20,000.00	(10,880.18)
Employee Benefits	1,038.73	323.79	1,000.00	(676.21)
Repairs and Supplies	5,079.93	3,389.82	30,000.00	(26,610.18)
Utilities	7,059.43	1,338.56	8,000.00	(6,661.44)
Capital Outlay	2,713.46	1,353.37	0.00	1,353.37
Miscellaneous	7,185.50	1,734.92	16,000.00	(14,265.08)
Total Expenditures	<u>32,152.45</u>	<u>17,260.28</u>	<u>\$ 75,000.00</u>	<u>\$ (57,739.72)</u>
Receipts Over (Under) Expenditures	24,217.45	38,363.25		
Unencumbered Cash, Beginning	<u>13,036.07</u>	<u>37,253.52</u>		
Unencumbered Cash, Ending	<u>\$ 37,253.52</u>	<u>\$ 75,616.77</u>		

The notes to the financial statements are an integral part of this statement.

The City of Coldwater, Kansas
WATER UTILITY FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Customer Receipts	\$ 190,764.44	\$ 179,968.96	\$ 170,000.00	\$ 9,968.96
Miscellaneous	400.00	325.00	500.00	(175.00)
Total Cash Receipts	<u>191,164.44</u>	<u>180,293.96</u>	<u>\$ 170,500.00</u>	<u>\$ 9,793.96</u>
Expenditures				
Salaries	40,073.07	38,784.62	42,000.00	(3,215.38)
Employee Benefits	7,613.97	6,862.98	13,000.00	(6,137.02)
Supplies	2,679.88	6,870.16	4,000.00	2,870.16
Taxes and Permits	4,177.19	3,631.23	4,600.00	(968.77)
Repairs and Supplies	58,452.66	21,152.80	30,000.00	(8,847.20)
Water System Utilities	11,379.25	12,940.22	12,000.00	940.22
Capital Outlay	5,780.38	8,919.17	66,000.00	(57,080.83)
Miscellaneous	377.06	552.12	1,000.00	(447.88)
Operating Transfer:				
To Water Bond & Interest	42,550.00	42,600.00	60,000.00	(17,400.00)
Total Expenditures	<u>173,083.46</u>	<u>142,313.30</u>	<u>\$ 232,600.00</u>	<u>\$ (90,286.70)</u>
Receipts Over (Under) Expenditures	18,080.98	37,980.66		
Unencumbered Cash, Beginning	<u>47,931.82</u>	<u>66,012.80</u>		
Unencumbered Cash, Ending	<u>\$ 66,012.80</u>	<u>\$ 103,993.46</u>		

The notes to the financial statements are an integral part of this statement.

The City of Coldwater, Kansas
REFUSE UTILITY FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Customer Receipts	\$ 102,151.59	\$ 101,314.37	\$ 122,000.00	\$ (20,685.63)
Total Cash Receipts	<u>102,151.59</u>	<u>101,314.37</u>	<u>\$ 122,000.00</u>	<u>\$ (20,685.63)</u>
Expenditures				
Contractual Services	100,973.50	100,479.15	128,000.00	(27,520.85)
Miscellaneous	<u>492.58</u>	<u>502.52</u>	<u>2,000.00</u>	<u>(1,497.48)</u>
Total Expenditures	<u>101,466.08</u>	<u>100,981.67</u>	<u>\$ 130,000.00</u>	<u>\$ (29,018.33)</u>
Receipts Over (Under) Expenditures	685.51	332.70		
Unencumbered Cash, Beginning	<u>1,130.85</u>	<u>1,816.36</u>		
Unencumbered Cash, Ending	<u>\$ 1,816.36</u>	<u>\$ 2,149.06</u>		

The notes to the financial statements are an integral part of this statement.

The City of Coldwater, Kansas
LAKE DONATION FUND
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2009
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Donations	\$ 0.00	\$ 50.00
Total Cash Receipts	<u>0.00</u>	<u>50.00</u>
Expenditures		
None	<u>0.00</u>	<u>0.00</u>
Total Expenditures	<u>0.00</u>	<u>0.00</u>
Receipts Over (Under) Expenditures	0.00	50.00
Unencumbered Cash, Beginning	<u>106.64</u>	<u>106.64</u>
Unencumbered Cash, Ending	<u><u>\$ 106.64</u></u>	<u><u>\$ 156.64</u></u>

The notes to the financial statements are an integral part of this statement.

The City of Coldwater, Kansas
SPECIAL PROJECT DONATIONS FUND
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2009
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Donations	\$ 1,364.19	\$ 10,612.00
Total Cash Receipts	<u>1,364.19</u>	<u>10,612.00</u>
Expenditures		
Supplies	<u>1,755.65</u>	<u>9,872.70</u>
Total Expenditures	<u>1,755.65</u>	<u>9,872.70</u>
Receipts Over (Under) Expenditures	(391.46)	739.30
Unencumbered Cash, Beginning	<u>3,591.92</u>	<u>3,200.46</u>
Unencumbered Cash, Ending	<u><u>\$ 3,200.46</u></u>	<u><u>\$ 3,939.76</u></u>

The notes to the financial statements are an integral part of this statement.

The City of Coldwater, Kansas
HERITAGE PARK DONATIONS FUND
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2009
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Donations	\$ 0.00	\$ 0.00
Total Cash Receipts	<u>0.00</u>	<u>0.00</u>
Expenditures		
None	<u>0.00</u>	<u>0.00</u>
Total Expenditures	<u>0.00</u>	<u>0.00</u>
Receipts Over (Under) Expenditures	0.00	0.00
Unencumbered Cash, Beginning	<u>5,355.64</u>	<u>5,355.64</u>
Unencumbered Cash, Ending	<u><u>\$ 5,355.64</u></u>	<u><u>\$ 5,355.64</u></u>

The notes to the financial statements are an integral part of this statement.

THE CITY OF COLDWATER, KANSAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Coldwater, Kansas is a municipal corporation governed by an elected six-member council. A primary government is a legal entity or public politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. The City of Coldwater, Kansas had no component units.

B. FUND ACCOUNTING

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the City of Coldwater, Kansas for the year of 2009:

GOVERNMENTAL FUNDS

General Fund--to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds--to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Debt Service Funds--to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt, and the financing of special assessments which are general obligations of the City of Coldwater, Kansas.

PROPRIETARY FUNDS:

Enterprise Funds--to account for operations that are financed and operated in a manner similar to private business enterprises--where the stated intent is that the costs (expenses), including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges--or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

FIDUCIARY FUNDS:

Trust and Agency Funds--to account for assets held by a governmental unit in a trustee capacity or as an agent for individual, private organizations, other governmental units, and/or other funds. These include (a) Pension Trust Funds, (b) Investment Trust Funds, (c) Private Purpose Trust Funds, and (d) Agency Funds.

C. BASIS OF ACCOUNTING

Statutory Basis of Accounting: The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The municipality has passed a charter ordinance waiving the requirements of generally accepted accounting principles which allows the municipality to revert to the statutory basis of accounting.

Departure from Accounting Principles Generally Accepted in the United States of America: The basis of accounting described above results in a financial statement presentation, which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

D. CASH AND INVESTMENTS

Cash balances from all funds are combined and invested to the extent available. Cash and investments consist of interest bearing checking accounts, money market accounts and certificates of deposit. Earnings from these investments are allocated to designated funds. Cash and investments are stated at cost.

E. COMPENSATED ABSENCES

Sick Leave Policy:

After a probation period (set by the Council) full-time employees will accrue sick leave at a rate of 3.5 hours per pay period with no maximum set on how many hours of sick leave that may be accrued. Employees are not compensated for unused sick leave upon separation of employment, therefore, there is no potential liability as of December 31, 2009.

Vacation Policy:

Full-time employees are eligible for paid vacation after a probation period which will be set by the Council. Employees with up to 10 years of service earn 4 hours per pay period with a maximum accumulation of 120 hours. Employees with 10 to 20 years of service earn 5.5 hours per pay period with a maximum accumulation of 150 hours. Employees with over 20 years of service earn 7 hours per pay period with a maximum accumulation of 180 hours. Vacation days over the maximum limit will be lost. Upon separation of employment, employees are compensated for any unused vacation days. As of December 31, 2009 and 2008, the liability for unused vacation leave was \$6,941.07 and \$5,939.03, respectively, which is a net change of \$1,002.04.

F. COMPARATIVE DATA

Comparative totals for the prior year have been presented in the accompany individual fund financial statements in order to provide an understanding of changes in the City's financial position and operation. Some prior year balances have been reclassified to conform with the current year presentation.

G. TOTAL COLUMNS (MEMORANDUM ONLY)

Total Columns on the Summary of Receipts, Expenditures and Unencumbered Cash are captioned "Memorandum Only" to indicate that they are presented only to aid in financial analysis. Interfund eliminations have not been made in the aggregation of this data; and it is, therefore, not comparable to a consolidation.

H. AD VALOREM TAX REVENUE

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties. The County Appraiser annually determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. One-half of the property taxes are due December 20 and distributed to the City by January 20. The second half is due May 10 and distributed to the City by June 5. The City Treasurer draws available funds from the County Treasurer at designated times throughout the year.

I. REIMBURSED EXPENSES

The City records reimbursable expenditures (or expense) in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures (or expenses) are properly offset by the reimbursements.

F. USE OF ESTIMATES

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2 - BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The Water Bond & Interest Fund was amended during the year.

Note 2 - BUDGETARY INFORMATION (Cont'd.)

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, reserve funds, fiduciary funds, permanent funds, and the following special revenue funds:

Special Machinery

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Note 3 - COMPLIANCE WITH KANSAS STATUTES

Management is aware of no statutory violations for the period covered by the audit.

Note 4 - DEPOSITS

K.S.A. 9-1401 established the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the bank to pledge securities for deposits in excess of FDIC Coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investments of idle funds to time deposits, open accounts, and certificates of deposit with the allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Concentration of Credit Risk: State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance, bank guarantee bonds, or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. There were no designated "peak periods" during the year. All deposits were legally secured at December 31, 2009.

At December 31, 2009 the City's carrying amount of deposits was \$431,931.04 and the bank balance was \$481,092.73. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$369,424.73 was covered by federal depository insurance, and \$111,668.00 was collateralized with securities held by the pledging financial institution's agents in the City's name.

Note 5 - LONG TERM DEBT

Changes in long-term liabilities for the municipality for the year ended December 31, 2009, were as follows:

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>
General Obligation Bond:				
To be paid with tax levys:				
2002 Refunding and Improvement	2.25%-5.00%	12/1/2002	\$1,620,000.00	8/1/2022
Refunding Bond - Series 2009	1.50%-3.75%	9/1/2009	1,270,000.00	8/1/2022

Total Contractual Indebtedness

Compensated Absences

Total Long-Term Debt

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
PRINCIPAL:				
General Obligation Bond:				
To be paid with tax levys:				
Refunding Bond - Series 2009	<u>\$ 85,000.00</u>	<u>\$ 85,000.00</u>	<u>\$ 85,000.00</u>	<u>\$ 85,000.00</u>
TOTAL PRINCIPAL	<u>85,000.00</u>	<u>85,000.00</u>	<u>85,000.00</u>	<u>85,000.00</u>
INTEREST:				
General Obligation Bond:				
To be paid with tax levys:				
Refunding Bond - Series 2009	<u>40,562.92</u>	<u>42,315.00</u>	<u>40,615.00</u>	<u>38,575.00</u>
TOTAL INTEREST	<u>40,562.92</u>	<u>42,315.00</u>	<u>40,615.00</u>	<u>38,575.00</u>
TOTAL PRINCIPAL & INTEREST	<u>\$ 125,562.92</u>	<u>\$ 127,315.00</u>	<u>\$ 125,615.00</u>	<u>\$ 123,575.00</u>

<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions / Payments</u>	<u>Net Change</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
\$ 1,300,000.00	\$ 0.00	\$ 1,300,000.00		\$ 0.00	\$ 60,177.50
<u>0.00</u>	<u>1,270,000.00</u>	<u>0.00</u>		<u>1,270,000.00</u>	<u>0.00</u>
1,300,000.00	1,270,000.00	1,300,000.00		1,270,000.00	60,177.50
<u>5,939.03</u>			<u>1,002.04</u>	<u>6,941.07</u>	
<u>\$ 1,305,939.03</u>	<u>\$ 1,270,000.00</u>	<u>\$ 1,300,000.00</u>	<u>\$ 1,002.04</u>	<u>\$ 1,276,941.07</u>	<u>\$ 60,177.50</u>

<u>2014</u>	<u>2015-2019</u>	<u>2020-2024</u>	<u>Total</u>
\$ 90,000.00	\$ 495,000.00	\$ 345,000.00	\$ 1,270,000.00
<u>90,000.00</u>	<u>495,000.00</u>	<u>345,000.00</u>	<u>1,270,000.00</u>
<u>36,280.00</u>	<u>134,525.00</u>	<u>30,800.00</u>	<u>363,672.92</u>
<u>36,280.00</u>	<u>134,525.00</u>	<u>30,800.00</u>	<u>363,672.92</u>
<u>\$ 126,280.00</u>	<u>\$ 629,525.00</u>	<u>\$ 375,800.00</u>	<u>\$ 1,633,672.92</u>

Note 6 - DEFEASED DEBT

On September 1, 2009 the City of Coldwater, Kansas issued general obligation bonds of \$1,270,000 (par value), Refunding Bond - Series 2009, with an interest rate ranging from 1.50% to 3.75% to advance refund term general obligation bonds with an interest rate of 2.25% to 5.00% and a par value of \$1,230,000. The term bonds final maturity is October 1, 2022, and were called on September 1, 2009. The refunding bonds were issued at 100.00% and, after paying issuance costs of \$35,137.71, the net proceeds were \$1,234,862.29. The net proceeds from the issuance of the general obligation bonds were deposited in an irrevocable trust with an escrow agent and were used to pay the term bonds that were called on September 1, 2009.

As a result of the advance refunding, the City reduced its total debt service requirements by \$50,512.08, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$41,340.58.

Note 7 - INTERFUND TRANSACTIONS

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
Water Utility	Water Bond & Interest	K.S.A. 12-825d	\$ 42,600.00

Note 8 - DEFINED BENEFIT PENSION PLAN

Plan description. The City of Coldwater contributes to the Kansas Public Employees Retirement System (KPERS) a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas Ave., Suite 100; Topeka, KS 66603-3803) or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve bases. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established for calendar year 2009 is 6.54%. The City of Coldwater employer contributions to KPERS for the years ending December 31, 2009, 2008, and 2007 were \$10,035.91, \$9,273.54, and \$10,530.32, respectively, equal to the required contributions for each year.

Note 9 - OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

Note 10 - RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; thefts of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City obtains coverage from commercial insurance companies in order to effectively manage risk. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years. The City does not participate in a public entity risk pool.

Note 11 - RELATED PARTY TRANSACTIONS

The City purchased computer supplies from Buy the Byte, a company for which Anthony Smith, Mayor, is the owner. The amount purchased during the year was \$608.91.

VONFELDT, BAUER & VONFELDT, CHTD.

CERTIFIED PUBLIC ACCOUNTANTS

Telephone: (620) 285-2107

MEMBERS OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND

818 Broadway

Fax (620) 285-2110

KANSAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 127

Larned, KS 67550

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

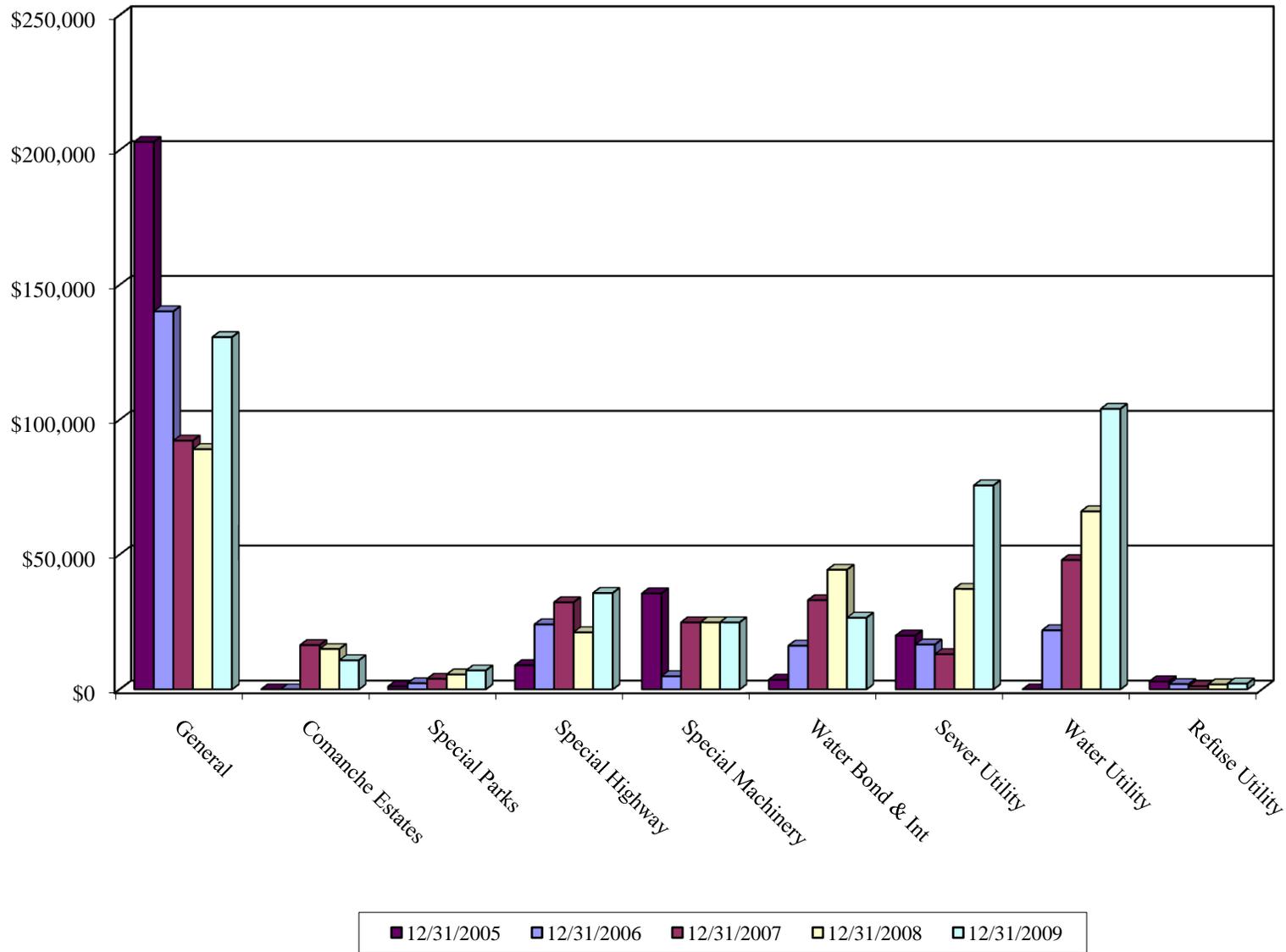
To the City Council
City of Coldwater, Kansas

Our report on our audit of the financial statements of the City of Coldwater, Kansas, for the year ended December 31, 2009, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Coldwater, Kansas's basic financial statements. The accompanying schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Because of the City's policy to prepare its financial statements on an other comprehensive basis of accounting, the financial statements referred to above do not present fairly in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activity and the changes in financial position. The accompanying schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole on the basis of accounting described in Note 1.

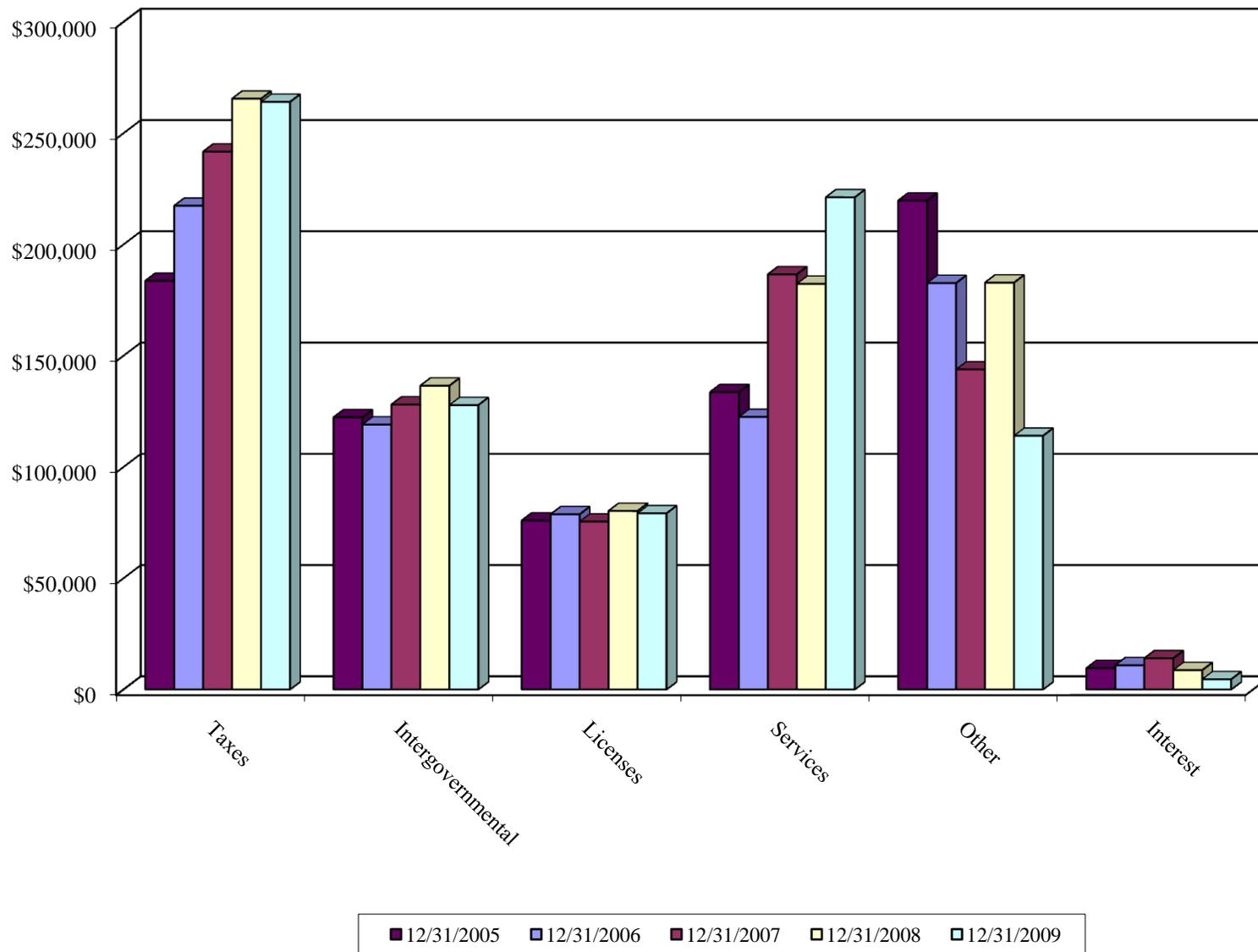
VONFELDT, BAUER & VONFELDT, CHTD.
Certified Public Accountants

March 19, 2010

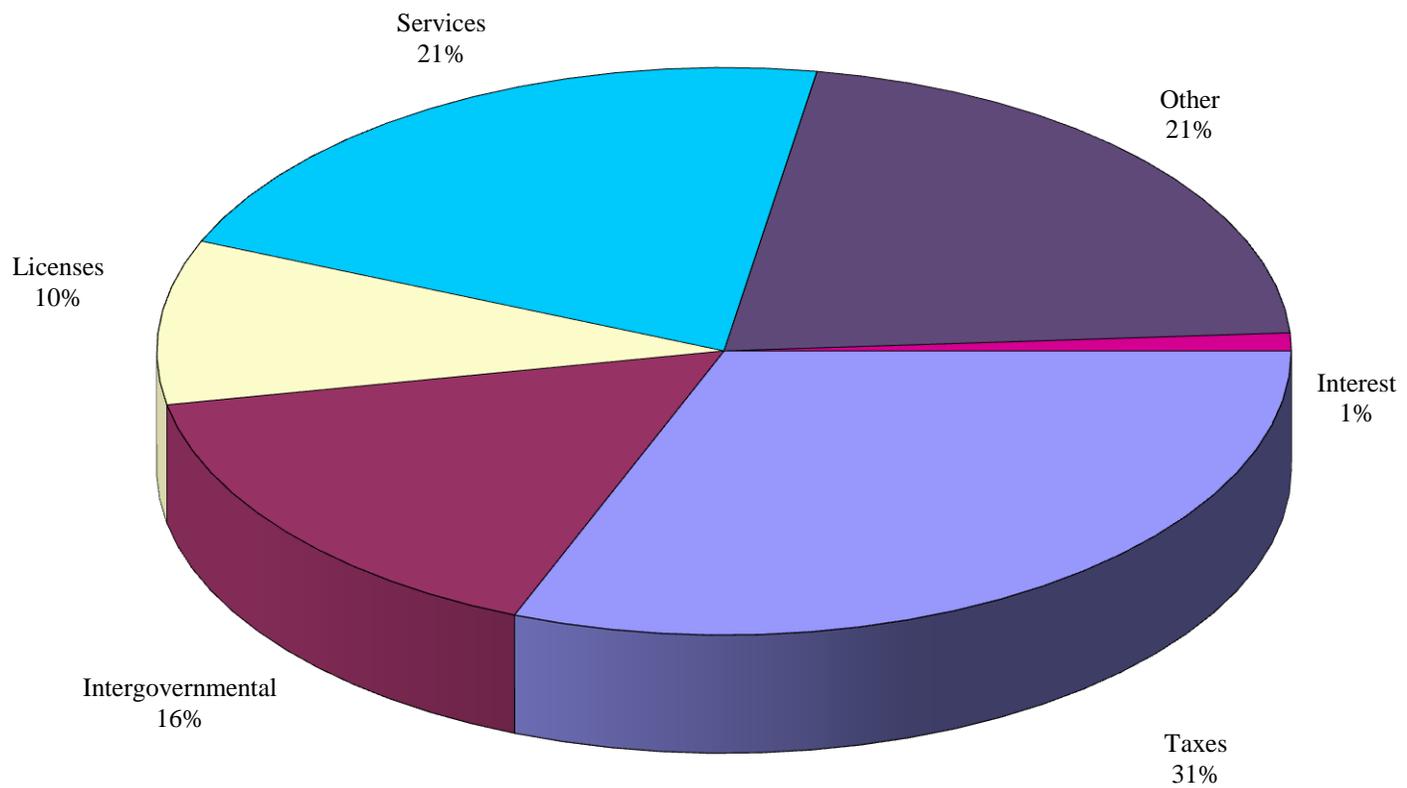
**City of Coldwater
Coldwater, Kansas
Unencumbered Cash Balances - Selected Funds**



City of Coldwater Coldwater, Kansas General Fund Revenues

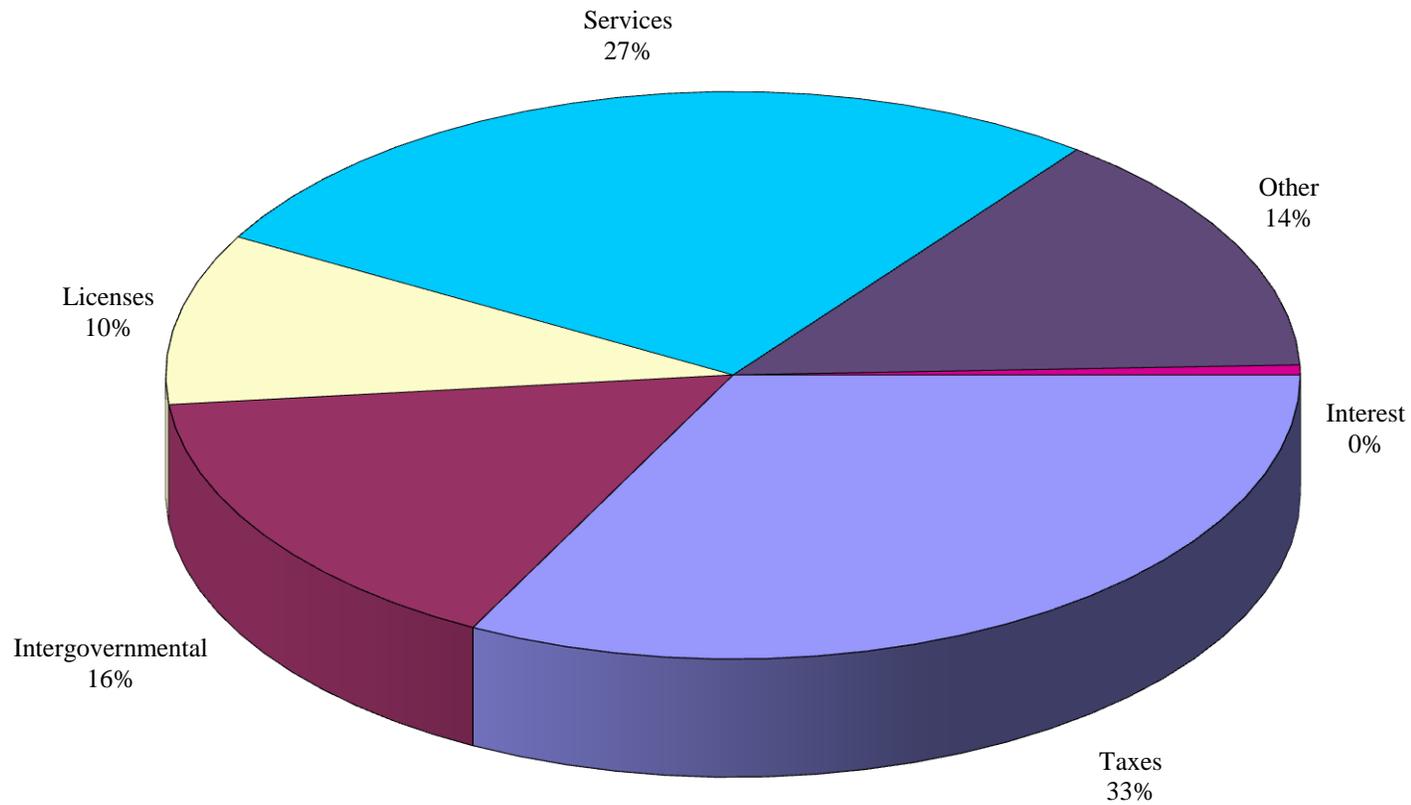


City of Coldwater Coldwater, Kansas General Fund Revenues



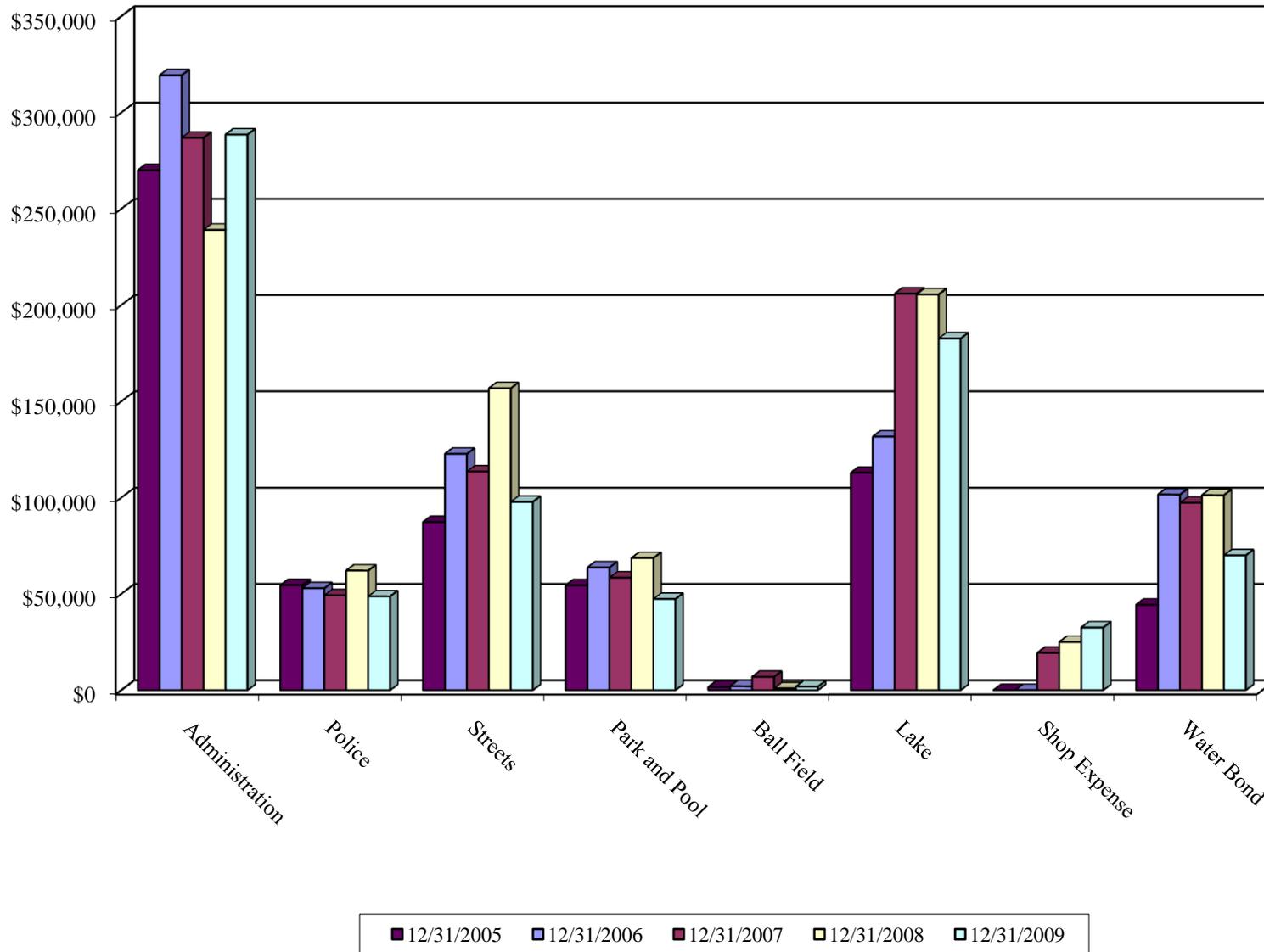
12/31/2008

City of Coldwater Coldwater, Kansas General Fund Revenues

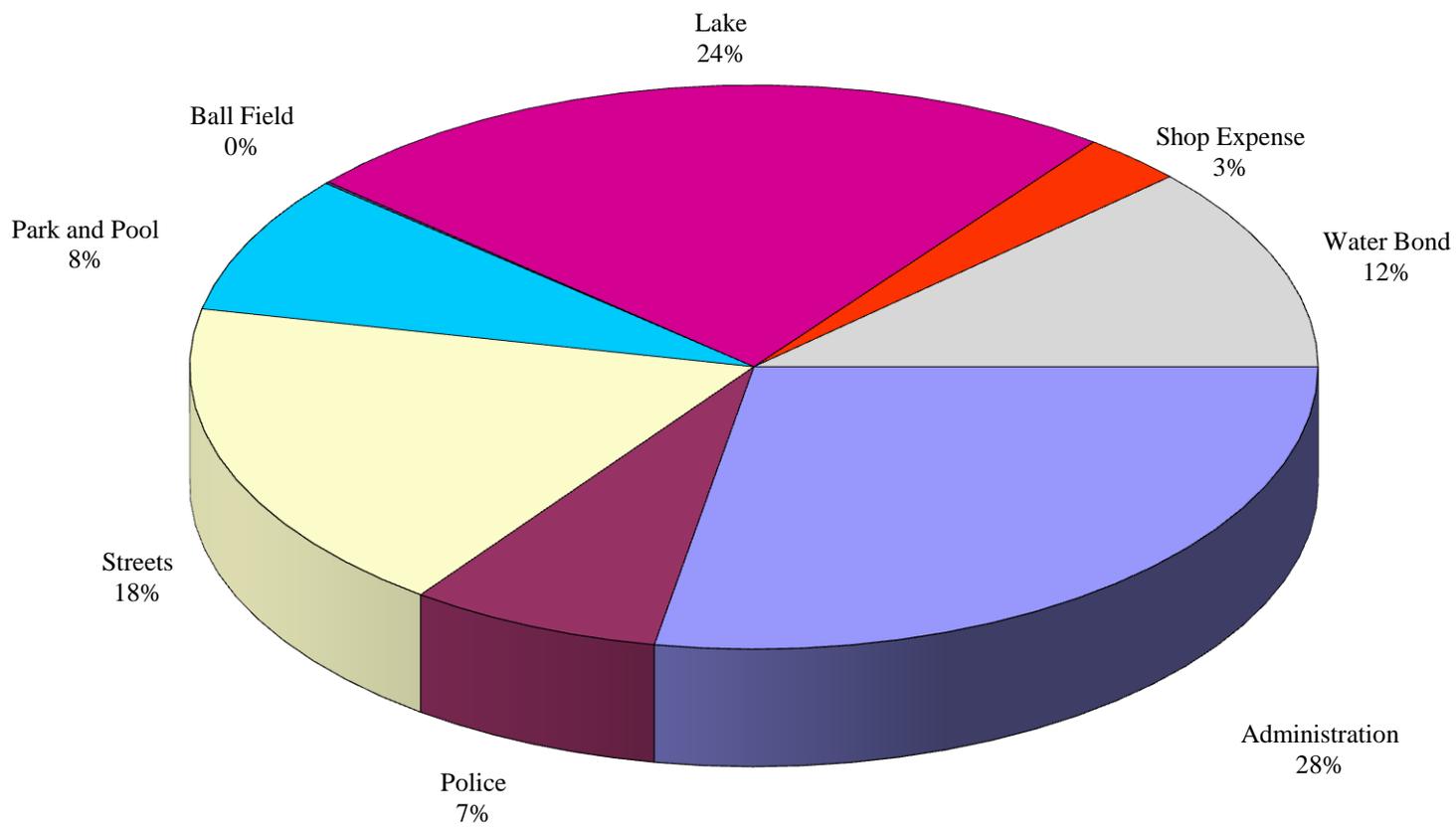


12/31/2009

City of Coldwater Coldwater, Kansas General Fund Expenditures

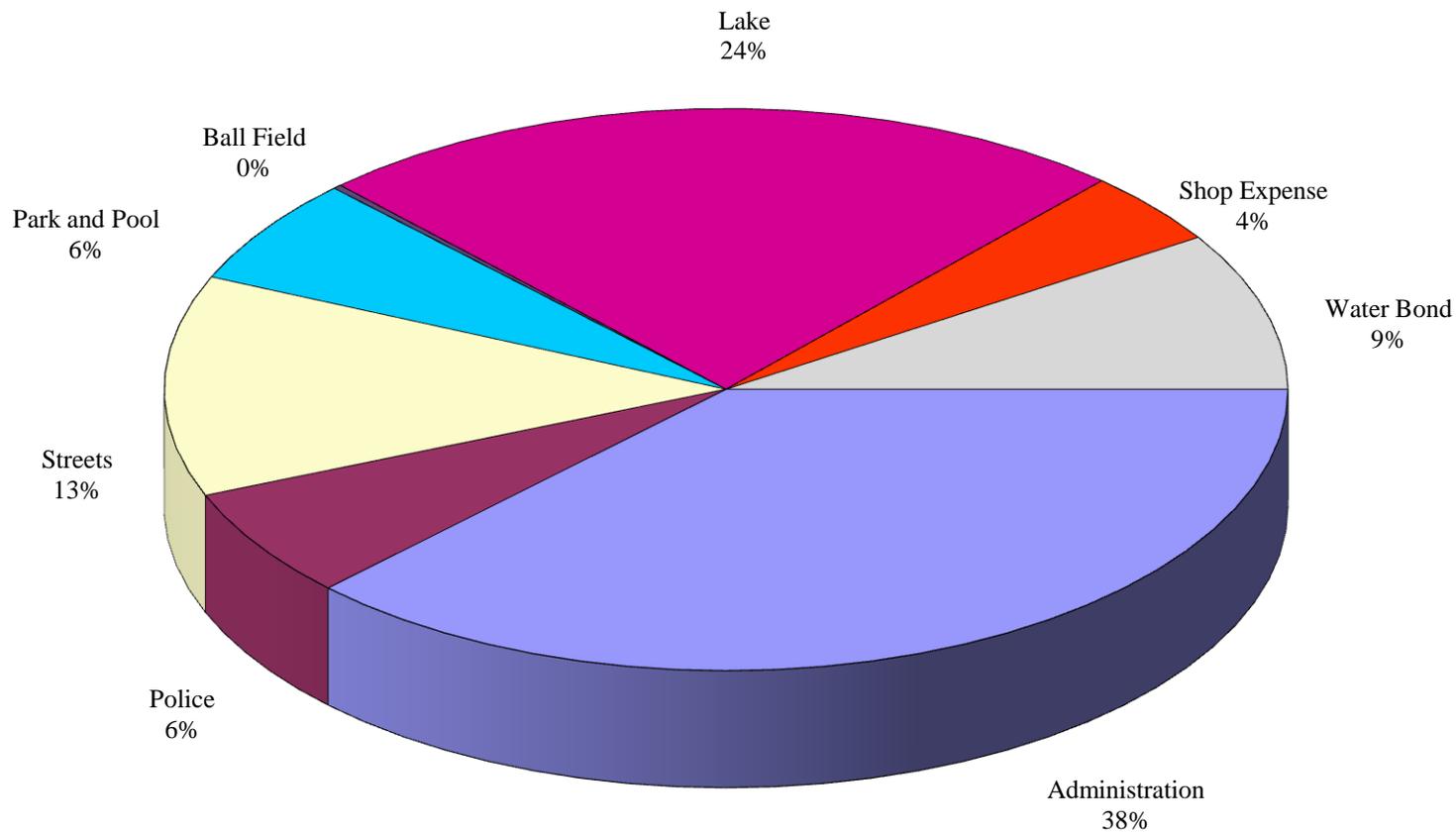


City of Coldwater Coldwater, Kansas General Fund Expenditures



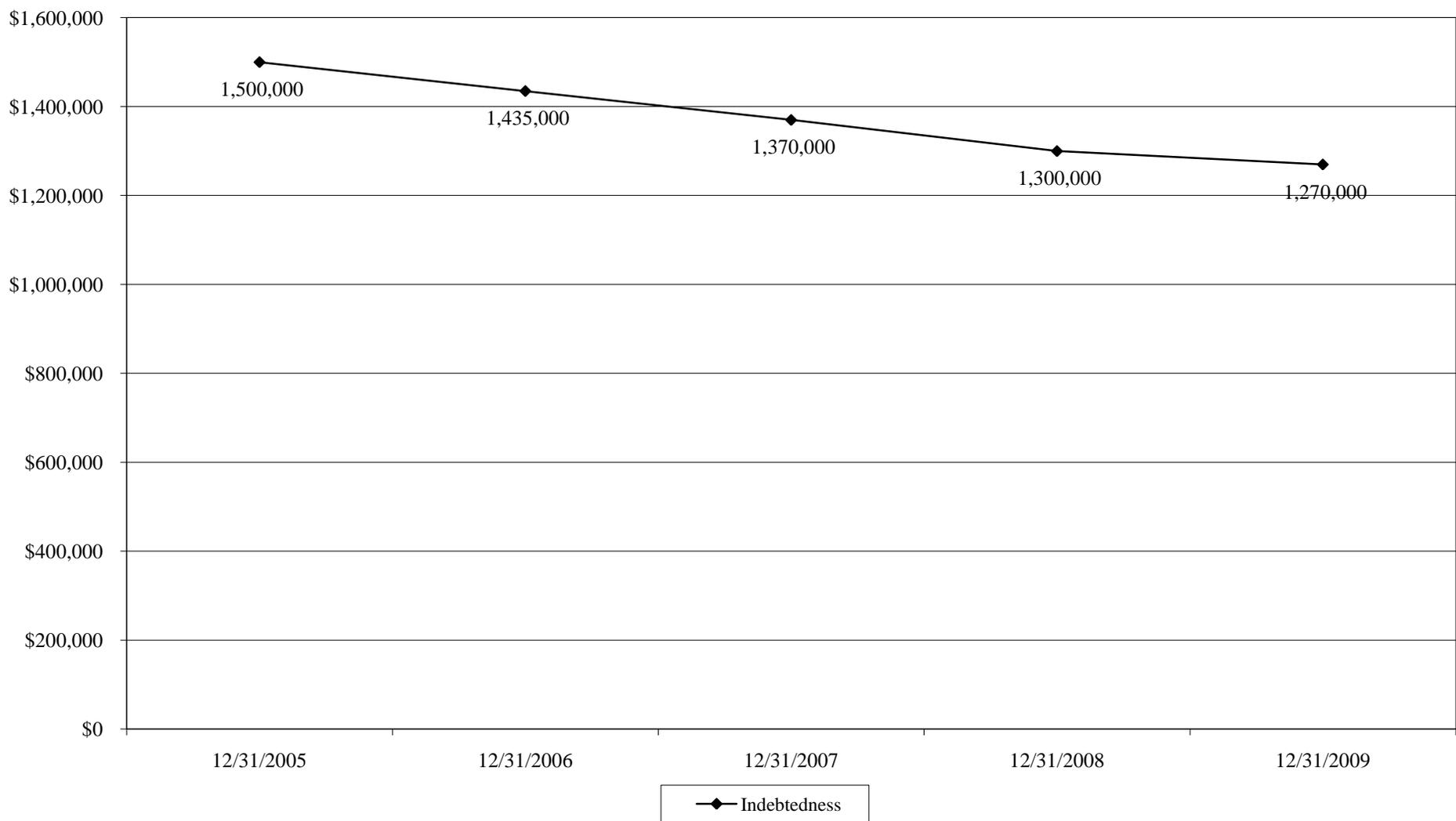
12/31/2008

City of Coldwater Coldwater, Kansas General Fund Expenditures

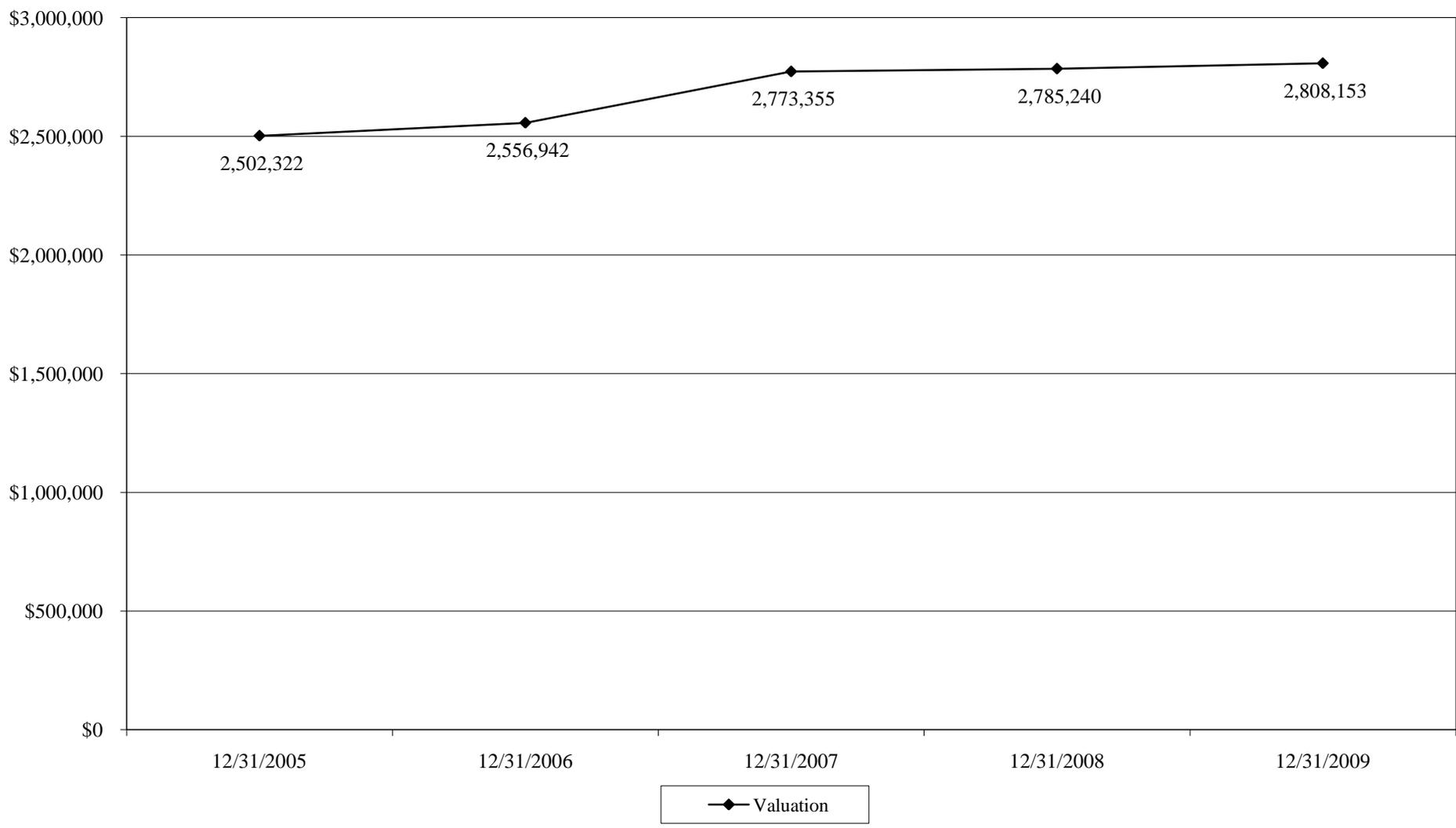


12/31/2009

City of Coldwater Coldwater, Kansas Indebtedness



City of Coldwater Coldwater, Kansas Valuation



City of Coldwater Coldwater, Kansas Mill Rate

